



**TEXAS STATE AFFORDABLE HOUSING CORPORATION  
2014 ANNUAL ACTION PLAN**

# **TEXAS STATE AFFORDABLE HOUSING CORPORATION**

## **2014 ANNUAL ACTION PLAN**

### **INTRODUCTION**

This plan is prepared in accordance with Texas Government Code, Section 2306.566, which requires the Texas State Affordable Housing Corporation (“Corporation”) to develop a plan to address the state’s housing needs. According to Section 2306.0721(g), the Corporation’s Annual Action Plan must be included in the 2013 State Low Income Housing Plan (“SLIHP”) prepared by the Texas Department of Housing and Community Affairs (“TDHCA”).

### **CORPORATION OVERVIEW**

The Texas State Affordable Housing Corporation, created in 1994 at the direction of the Texas State Legislature, is a self-sustaining non-profit entity whose mission is to serve the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable access to housing options through conventional financial channels. The Corporation’s enabling legislation can be found in Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq.

The Corporation’s office is located in Austin, Texas. A five-member volunteer Board of Directors, appointed by the Governor, oversees the policies and business of the Corporation. In addition, the Corporation has a 10-member volunteer Advisory Council appointed by the Board of Directors. The Advisory Council assists with fundraising activities and reviews and recommends to the Board the funding of grant applications under the Texas Foundations Fund program. None of the Corporation’s programs and operations are funded through the State’s appropriations budget process.

The Corporation is statutorily authorized to issue mortgage revenue bonds and other private activity bonds to finance the purchase and creation of affordable housing. Over the course of its history, the Corporation has utilized over \$920 million in single family bonding authority and approximately \$180 million in multifamily bonding authority. Bond issuances are used to finance the creation and preservation of affordable multifamily housing and the following homebuyer programs:

**§ Homes for Texas Heroes Home Loan Program**

**§ Home Sweet Texas Home Loan Program**

**§ Mortgage Credit Certificate Program**

Using its mission as guidance, the Corporation has developed the following additional programs and activities to help meet the needs for affordable housing in Texas:

- § Direct Lending
- § Affordable Communities of Texas
- § Single Family Rental
- § Texas Foundations Fund
- § Homebuyer Education & Foreclosure Prevention
- § Asset Oversight and Compliance

## **CORPORATION OBJECTIVE**

Since its inception, the Texas State Affordable Housing Corporation's mission has been to serve the housing needs of low, very low and extremely low-income Texans and other underserved populations, such as people with disabilities and people living in rural areas of the state where access to services and programs is limited.

In 2014, the Corporation's objective is to continue to implement innovative approaches to serving the housing needs of low-income and underserved populations while maintaining the outstanding success of its current programs.

## **PROGRAM DESCRIPTIONS AND IMPLEMENTATION PLANS**

### **HOMEOWNERSHIP PROGRAMS**

Over the last decade research has consistently shown that homeownership has a positive impact on the socioeconomic status of a household and their community. We often see lower crime rates, better educational outcomes for children and significant rates of community involvement in areas with high rates of homeownership. One study found that children in a stable environment, provided by living in an owner-occupied home, exhibit lower high school dropout rates and an increased likelihood of college attendance.<sup>1</sup>

The Corporation currently administers the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs which help low and moderate-income individuals and families purchase a home. These programs are single family mortgage revenue bond programs and subject to oversight by the Texas Bond Review Board.

Prior to 2013, the Corporation also administered the Professional Educators Home Loan Program. As a result of legislation passed by the 83<sup>rd</sup> Texas Legislature in 2013, all professions previously eligible under the Professional Educators Home Loan Program are now eligible under the Homes for Texas Heroes Home Loan Program. In addition, the legislation also makes U.S. veterans eligible for the Homes for Texas Heroes Home Loan Program.

The Homes for Texas Heroes Home Loan Program, established by the Legislature in 2003, is allocated 10 percent of the State's Private Activity Bond Cap for the purpose of making mortgage loans to:

- § Full-time Classroom Teachers, Teacher Aides, School Librarians, School Nurses or School Counselors employed by a public school district in the state of Texas; Full time faculty members of either an undergraduate or graduate professional Nursing or Allied Health Program in the State of Texas;
- § Full-time, paid Firefighters, Emergency Medical Services Personnel, Peace Officers, Corrections Officers, Juvenile Corrections Officers, County Jailers, Veterans, or a Public Security Officers working in the State of Texas.

Since 2006, the Corporation has funded the Home Sweet Texas Loan Program with mortgage revenue bond (MRB) cap not used by other bond issuers by an annual deadline set by the Legislature. The Home Sweet Texas Loan Program is available statewide to those with incomes at or below 80 percent of the area median family income.

A recent Pew Research Center study found that from 2007 to 2011, the percentage of young households who own their own homes decreased from 40% to 34%.<sup>2</sup> Research has shown that the lack of down payment is often the single issue preventing many from purchasing a

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<sup>1</sup> Source: Richard K. Green and Gary Painter, "Measuring the Benefits of Homeownership: Effects on Children Redux" Research Institute for Housing America-University of Southern California, August 2012

<sup>2</sup> Source: "Young Adults After the Recession: Fewer Homes, Fewer Cars, Less Debt" Pew Research Center, February 2013 3

home. To help bridge this gap, TSAHC's homeownership programs allow eligible borrowers to apply for a 30-year fixed-rate mortgage loan and receive down payment assistance in the form of a grant that does not require repayment.

TSAHC's homeownership programs are available statewide on a first-come, first-served basis to homebuyers who wish to purchase a newly constructed or existing home. Homebuyers must meet income and purchase price limits set by federal guidelines, while meeting standard mortgage underwriting requirements and demonstrating creditworthiness. Homebuyers must also occupy the purchased home as their primary residence. The programs are accessible to eligible borrowers by directly contacting a participating mortgage lender.

In 2008 the Corporation established the Mortgage Credit Certificate (MCC) Program as another option for eligible first-time homebuyers. The MCC Program is made possible under IRS rules allowing the conversion of Single Family Mortgage Revenue Bond cap into mortgage credit certificates. The Corporation's MCC Program serves the same populations eligible for the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs. Under the MCC Program, the qualified homebuyer can take a portion of the annual interest paid on the mortgage as a special tax credit, up to \$2,000 each year that they occupy the home as their principal residence. An MCC has the potential of saving the homebuyer thousands of dollars over the life of the loan. And although the MCC Program is not a home loan program, the homebuyer is required to have a fixed-rate mortgage loan.

Since their inception, demand for these programs has increased. To date, the Corporation has served over 8,600 households under our home loan/down payment and MCC programs.

In addition to meeting the program eligibility requirements, every homebuyer who utilizes one of the Corporation's homeownership programs must complete a homebuyer education course prior to closing on the purchase of their home. Several studies show that pre-purchase counseling can significantly reduce the mortgage payment delinquency rate for homeowners who participate as well as improve their financial decision-making over time.<sup>3</sup> Specifically, a study conducted by Neil Mayer and Associates in collaboration with Experian found that clients receiving homebuyer education prior to purchasing a home are one-third less likely to become 90 or more days delinquent over the two years after receiving their loan as compared to borrowers who do not receive that pre-purchase education or counseling.<sup>4</sup>

## **2014 IMPLEMENTATION PLAN**

Historically, the Corporation has funded its home loan/down payment assistance programs through the tax-exempt bond market by issuing mortgage revenue bonds (MRBs) available under its statutory authority. Because the interest income from the bonds was exempt from federal income taxes, investors were willing to purchase the bonds at lower interest rates. These lower borrowing costs allowed the Corporation to use bond proceeds to make

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<sup>3</sup> Source: Steven P. Hornburg, "Strengthening the Case for Homeownership Counseling: Moving Beyond A Little Bit of Knowledge," Joint Center for Housing Studies, Harvard University, December 2004.

<sup>4</sup> Source: Mayer, Neil S. and Kenneth Temkin, "Pre-Purchase Counseling Impacts on Mortgage Performance: Empirical Analysis of NeighborWorks America's Experience," Neil Mayer and Associates on behalf of NeighborWorks America, March 2013.

mortgage loans with down payment assistance grants to homebuyers at or below market rates.

In the past few years financial market conditions have created an unusual environment in which taxable bond mortgage rates are lower than tax-exempt bond rates. As a result the Corporation's cost of borrowing in the tax-exempt bond market is higher than the rate at which the Corporation could competitively offer mortgage loans and down payment assistance grants to homebuyers.

To continue to fulfill its mission of providing mortgage loans and down payment assistance, in early 2012 the Corporation began utilizing Mortgage Backed Securities (MBS) instead of tax-exempt bonds to fund its home loan/down payment assistance programs. This funding mechanism remained in place in 2013 and, barring any change in tax-exempt bond market conditions, the Corporation plans to continue this approach in 2014.

Although the funding mechanism for these programs changed, very little has changed for the homebuyer and for the lenders participating in the programs. When the programs were funded with the issuance of tax-exempt bonds, the Corporation was required to offer the programs only to first-time homebuyers. That restriction does not exist under the current funding mechanism, and as a result the Corporation began offering its home loan/down payment assistance programs to homebuyers who meet all the program requirements but are not first-time homebuyers.

And, to provide even more options to qualifying homebuyers, the Corporation now offers two different interest rate and down payment assistance options – a standard interest rate option with a down payment assistance grant equal to 5% of the loan amount or a lower interest rate option with a down payment assistance grant equal to 3% of the loan amount. In addition, either form of assistance can be used to purchase a home or refinance an existing current mortgage.

Furthermore, given the success and demand for the MCC Program, which is still funded by converting single family mortgage revenue bond cap into Mortgage Credit Certificates, the Corporation will continue to provide this program to homebuyers. The funding mechanism for the MCC Program, tax-exempt bonds, does dictate that the homebuyer must be a first-time homebuyer. However, first-time homebuyers have the unique benefit of being able to utilize both the MCC Program and the home loan/down payment assistance programs.

Above and beyond the statutory requirements of the programs, the Corporation will work to broaden the reach of the programs through the recruitment of additional lenders, especially in areas of the state with low utilization of the programs.

## **HOMEBUYER EDUCATION AND FORECLOSURE PREVENTION**

In 2010, the Corporation created an online educational tool called the Texas Mortgage Calculator ([http://www.tsahc.org/Mortgage\\_Calculator](http://www.tsahc.org/Mortgage_Calculator)) that provides step-by-step information on the home buying process, information about mortgage rates, and a glossary of mortgage terms in both English and Spanish. This tool also estimates the potential interest rate a homebuyer can expect based on their FICO score.

In 2012, the Corporation expanded its online resources by creating the Texas Financial Toolbox ([www.texasfinancialtoolbox.com](http://www.texasfinancialtoolbox.com)). The Texas Financial Toolbox is an online resource that gives consumers an easy way to find nonprofit organizations or government entities that can help them achieve their financial and homeownership goals. Whether consumers want to learn how to better manage their money, find out if they're ready for homeownership, understand the home buying process and the programs that are available to help buy a home, or learn how to avoid foreclosure, the Texas Financial Toolbox is a great place to start. Information about homebuyer programs, homebuyer education classes, financial education, foreclosure prevention and related events is available, all searchable by city. This is a tool that was not previously available in Texas, and the Corporation believes it is providing valuable information to Texas consumers.

The Corporation has been active in foreclosure prevention in Texas since 2008 when it joined federal and state government agencies, financial institutions, consumer advocates and housing counselors to create the Texas Foreclosure Prevention Task Force. The Corporation has been involved in outreach activities to delinquent homeowners in Texas who can find themselves losing their home in as little as 41 days once the foreclosure process begins. These outreach initiatives include producing and distributing to housing counselors the Texas Foreclosure Intervention Resource Guide, providing funding to support local foreclosure prevention workshops, and administering a loan modification scam alert campaign to help homeowners identify and avoid mortgage loan modification scams.

One of the most important things a homeowner facing foreclosure can do is contact a U.S. Department of Housing and Urban Development (HUD) approved housing counselor for foreclosure prevention counseling. Statistics collected on the effectiveness of foreclosure prevention counseling show that counseling is an important tool in helping homeowners avoid foreclosure. A study released in early 2011 by the Urban Institute concludes that homeowners who receive counseling are 70% more likely to avoid foreclosure than homeowners who don't.

Housing counselors are trained to help homeowners navigate through the options available to them based on their particular circumstance. To support the efforts of the housing counselors the Corporation has raised over \$1 million from private funders to provide outreach activities and reimburse housing counseling agencies for foreclosure prevention counseling they provide struggling homeowners.

In addition, since 2009 the Corporation has partnered with TDHCA to administer the State of Texas' National Foreclosure Mitigation Counseling ("NFMC") Program. The NFMC Program is a federal program that provides funding for foreclosure counseling services. The NFMC Program has provided nearly \$2.3 million to housing counseling organizations helping homeowners avoid foreclosure. A combination of private and NFMC funding has allowed participating housing counseling agencies to increase their capacity and ensure counseling services remain free for the homeowners who need them. And since 2009, housing counseling agencies have provided foreclosure prevention counseling to over 7,350 Texas homeowners at risk of foreclosure.

## 2014 IMPLEMENTATION PLAN

For many years the Corporation has promoted and supported successful homeownership by supporting the Texas Statewide Homebuyer Education Program (TSHEP), which provides continuing education to housing counselors who provide homebuyer education to consumers, most of them low-income. TSHEP has historically been administered by the Texas Department of Housing and Community Affairs (TDHCA). Effective September 1, 2012, the Corporation entered into an agreement with TDHCA to administer TSHEP.

In 2013 housing counselors across the state had the opportunity to attend two separate, weeklong trainings that furthered their skills and certified many of the participants as homebuyer education providers. TSAHC contracted with NeighborWorks America, the selected education provider, to teach housing counselors the principles and applications of comprehensive pre- and post-purchase homebuyer education, lending basics, financial coaching, and foreclosure intervention. To support the increased demand for training, the Corporation, with support from private funders and sponsors, anticipates conducting three weeklong trainings in 2014.

To date close to 700 housing counselors have been certified as homebuyer education providers as a result of training they received through the Texas Statewide Homebuyer Education Program.

Since the financial crisis began in 2008, approximately 4.5 million foreclosures have been completed across the nation. However, we have seen a 34% decrease in national foreclosures from August 2012 to August 2013.<sup>5</sup> According to a publication by the Federal Reserve Bank of Dallas the share of seriously delinquent mortgages—those loans 90 or more days delinquent or in the process of foreclosure—continues to decline in Texas. The publication goes on to say that Texas' share of delinquent mortgages at 3.8 percent is almost half that of the national average of 6.6%.<sup>6</sup> Despite foreclosures slowly decreasing, the effects of foreclosure are still very real for some Texas families. And the effects of foreclosure on families and communities can be devastating.

A recent Center for Housing Policy study indicates that families in foreclosure are more likely to experience mental and physical health issues.<sup>7</sup> Foreclosures often lead to higher crime rates and lower property values for surrounding homes. The Center for Responsible Lending estimates that each home foreclosure leads to property value decreases of \$7,200 for each surrounding home.

In response to these troubling statistics, the Corporation plans to continue to support foreclosure prevention counseling and other foreclosure prevention activities in Texas. The Corporation will continue to partner with housing counseling agencies and elected officials to hold community outreach events when requested. In addition, the Corporation will continue its efforts to directly reach homeowners facing foreclosure through direct mail and marketing online resources such as [www.texasfinancialtoolbox.com](http://www.texasfinancialtoolbox.com), as well as stressing the

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<sup>5</sup> Source: "CoreLogic National Foreclosure Report", CoreLogic, August 2013.

<sup>6</sup> Source: Peterson, D'Ann and Christina Daly, "Texas Housing Recovery Gains Momentum", The Federal Reserve Bank of Dallas, Second Quarter 2013.

<sup>7</sup> Source: Dawn Alley, University of Maryland School of Medicine - Center for Housing Policy, October 2011

importance of homebuyer education prior to considering purchasing a home.

## **DIRECT LENDING PROGRAMS**

The Corporation's Direct Lending Program provides financing to developers for the construction or redevelopment of housing that serves low, very low and extremely low-income families and individuals. The program provides developers with revolving lines of credit to acquire and redevelop single family homes or rental units, permanent long-term loans for rental developments, and lines of credit for gap financing. The Corporation funds this program utilizing its own funds and program-related investments granted to the Corporation by Wells Fargo and The Meadows Foundation. The Corporation is also an originator of permanent loans to tax credit developments through the Community Development Trust, a national affordable housing investment fund.

The Corporation awarded no new lines of credit in 2013; however it had 5 open revolving lines of credit under the ICAP program. For calendar year 2013 five homes were rehabilitated or constructed by local partners using these lines of credit. The total amount of credit extended under the ICAP program increased to \$3.1 million.

No new multifamily rental properties were funded in 2013 using the Corporation's Direct Lending Program. Although the construction of large multifamily developments (larger than 100 units) has increased in many urban markets over the past year the Corporation's direct lending program generally targets small development in rural areas and underserved communities. Smaller developments generally depend on federal subsidies from USDA and HUD, though access to these funds has been very limited in the past year. Our average loan size for multifamily developments is \$580,000 with the average number of units being 72.

<b>Loan Production</b>	<b>2013</b>	<b>Total</b>
Loans Made	0	20
# of Single Family Homes	5	86
# of Rental Units	0	1901
Total Amount of Loan Funds	\$0	\$11,906,287
Total Value of Constructed	\$234,920	\$152,983,847
Estimated Jobs Created	2.50	1627.49

## **2014 IMPLEMENTATION PLAN**

The Corporation expects demand for its Direct Lending Program to increase in 2014. Though construction and rehabilitation of housing continues to grow in sectors, the need for affordable housing is particularly high in Texas' urban centers and regions with expanding oil and gas production. The need for small (\$250k to \$500k) revolving lines of credit will be particularly important for nonprofit builders to continue neighborhood stabilization efforts and infill projects, as federal funding continues to shrink. The Corporation will continue to seek additional program-related investments from private funders to meet the growing need for its lending programs.

## AFFORDABLE COMMUNITIES OF TEXAS PROGRAM

The Corporation created the Affordable Communities of Texas (“ACT”) Program, a land bank and land trust program, to help stabilize communities experiencing high rates of foreclosure. The Corporation works in partnership with nonprofit and government agencies across the state to acquire and redevelop foreclosed homes, vacant land and tax foreclosed properties and then sell or rent the homes to low-income families.

The ACT program, partnering with more than 20 organizations, has grown to include more than 500 properties across a diverse geographic region. The ACT program’s activities can be broken down into five unique initiatives based on source of funding and targeted use of properties:

- § ACT Land Banking – This is the Corporation’s general land banking program that includes both Properties are either purchased by the Corporation or and donated to the Corporation. Properties are primarily redeveloped for affordable housing. If a property is not suitable for redevelopment (i.e. poor location, high cost of redevelopment or other extenuating circumstances), the property will be sold and the funds returned to the ACT Program.
- § ACT Land Trust – Properties acquired are intended to be held in perpetuity by the Corporation. Homes built or redeveloped on land trust sites may be rented or sold to qualified low income households.
- § Veteran’s Initiative – This initiative is a partnership with Bank of America. The Corporation accepts higher value homes through donations from Bank of America that will be redeveloped and sold at a minimum 25% discount to qualified U.S. military veterans in Texas.
- § Buyer’s Agent – The Corporation allows our local partners to purchase homes directly from a “first look” foreclosure listing we receive on a weekly basis as a result of our partnership with the National Community Stabilization Trust. Homes recorded under this category are paid for by and transferred directly to our partners.
- § Texas NSP – this category includes only those homes and properties that were acquired using Texas National Community Stabilization funding.

The ACT Program has acquired 560 over the life of the program and has a current portfolio of 470 lots and homes.

Program/Initiative	Acquisitions 2013	Sales 2013	Current Portfolio	Current Asset Value
ACT Land Banking	27	21	99	\$1,286,496
ACT Land Trust			60	\$650,000.00
Veteran’s Initiative	34.00	35	39	\$3,362,640
Texas NSP		11	268	\$5,116,337
<b>Totals</b>	<b>61</b>	<b>67</b>	<b>464</b>	<b>\$10,415,473</b>

## **2014 IMPLEMENTATION PLAN**

The ACT program continues to be a very active program. In 2013 foreclosed homes and lots acquired by the Corporation were almost entirely obtained through donations. Sales of the homes and lots to low and moderate income homebuyers has also increased, most notably through the Veteran's Initiative.

The number of donations from banks and mortgage companies is anticipated to slow in 2014. The Corporation intends to assist cities and counties with large numbers of tax foreclosures that are not being redeveloped. However, the Corporation plans to focus the majority of its efforts in working with local partners to redevelop and sell existing properties.

## **MULTIFAMILY BOND PROGRAMS**

The Corporation uses its authority to issue tax-exempt multifamily private activity bonds (PAB) to help affordable housing developers construct or preserve multifamily rental units that fulfill specific housing needs identified each year by the Corporation's Board of Directors. In 2013 those housing needs were:

- § Preservation and rehabilitation of at-risk affordable multifamily housing;
- § Rental housing in rural and smaller urban markets;
- § Senior or service enriched housing; and
- § Disaster relief affordable multifamily housing.

As a conduit issuer, the Corporation is allocated 10 percent of Texas' multifamily PAB cap each year. The Corporation makes available to developers its multifamily PAB allocation each year through a Request for Proposal application process.

In 2013, the Corporation issued \$11.5 million in multifamily PABs for the construction of 180 new affordable rental homes Georgetown, Texas.

## **2014 IMPLEMENTATION PLAN**

Market conditions for the development of affordable multifamily housing using PABs continue to improve. Occupancy rates in most urban markets continue to be very strong and average 97% statewide. However multifamily unit production did decrease 12.64 percent in the first 8 months of 2013, when compared to the same time frame in 2012, despite continued high demand.

The Corporation's Board of Directors approved new program policies and a request for proposal in December 2013. The Corporation anticipates continued interest and growth in our PAB program due to improved PAB market conditions, increased demand for affordable multifamily housing and the Corporation's flexible application process and reasonable underwriting requirements.

## **ASSET OVERSIGHT AND COMPLIANCE**

Asset oversight and compliance monitoring of multifamily properties financed through multifamily tax-exempt bonds is required by many bond issuers, including the Corporation. In addition, the Corporation requires asset oversight and compliance monitoring of multifamily properties financed through its Direct Lending Program. We believe these important reviews are one of the best ways to ensure properties are providing safe and decent affordable housing to their residents.

Through the activity of asset oversight, the Corporation monitors the financial and physical health of a property and provides suggestions for improvement to property owners and managers. Asset oversight staff conducts an annual on-site inspection of each property and issues an annual report on each property. Reports are submitted to property owners, managers, and other stakeholders and are available online on the Corporation's website: [www.tsahc.org](http://www.tsahc.org).

Compliance monitoring ensures that property owners and managers are providing the required number of affordable units to income-eligible households and that quality resident services are being provided to all residents of the property. To assist property staff in finding affordable and quality resident services the Corporation has compiled and posted an online database of free or low-cost resident service providers in 15 cities throughout the state. The Corporation has an online reporting system that allows each property manager to complete the Certificate of Continuing Program Compliance and report resident services activities monthly. Annual on-site inspections and resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds used to finance the properties are followed.

In 2013, the Corporation conducted asset oversight and compliance reviews for 31 bond-financed properties and 1 direct lending property, which totaled 5,906 units.

## **2014 IMPLEMENTATION PLAN**

The Corporation will continue to provide asset oversight and compliance monitoring services to the properties in its current bond and direct lending portfolio. In 2014 the Corporation anticipates adding a minimum of 6 properties (1444 units) to the portfolio of bond-financed properties monitored by the Corporation's staff.

The Corporation will continue to review and update its policies and procedures as industry trends and changes in policy dictate. The Corporation will continue to closely monitor the financial health and physical condition of properties in its portfolio and offer specific strategies for improvement. In addition, the Corporation plans to continue to market its asset oversight and compliance capabilities to other housing organizations and public agencies.

## **SINGLE FAMILY RENTAL PROGRAM**

The cost of housing in Austin and surrounding areas has increased dramatically in recent years. A recent study released by the Economic Policy Institute found that Austin has the 11

highest cost of living in Texas<sup>8</sup>. The Corporation created the Single Family Rental Program in 2013 as a pilot to provide affordable rental housing to low-income families in and around Austin who are not ready for homeownership.

The program aims to assist individuals and families that earn 80% of the area median income or less by providing them with the opportunity to rent a home at 60% area median income rents in neighborhoods with significantly higher market rate rents. The goal is to allow individuals and families to live in neighborhoods they would otherwise not be able to afford. The program targets homes in good school districts, near public transportation and other necessities such as grocery stores.

The Corporation's multifamily oversight staff manages the purchase of the homes and the rental process. At the end of 2013 the Corporation had purchased and was renting three homes in the Austin area to low-income families.

## **2014 IMPLEMENTATION PLAN**

The Corporation plans to continue to expand the Single Family Rental Program in the Austin area by purchasing an additional 6-7 homes and offering them as rental homes to low-income families.

## **TEXAS FOUNDATIONS FUND**

The Corporation created the Texas Foundations Fund to improve housing conditions for very low-income Texas households, with a particular emphasis on assisting persons with disabilities and rural communities. The Corporation defines very low-income households as households earning at or below 50% of the area median family income.

Through the Texas Foundations Fund, the Corporation partners with non-profit organizations and rural government entities across Texas to support quality programs that address the critical housing needs of very low-income families and individuals. Selected partners receive grants of up to \$50,000 to support their housing services. The following housing services are eligible for support through the Texas Foundations Fund:

§ The rehabilitation and/or critical repair of owner-occupied, single family homes to remedy unsafe living conditions. Critical repairs may also include accessibility modifications to assist household members with a disability. The Corporation will support the critical repair of single family rental homes only if the homes are owned and operated by the non-profit or government entity receiving funding and if the repairs enhance accessibility for renting households with an individual with a disability.

§ The provision of on-site supportive housing services for residents of housing units owned by the applicant receiving funding. The services supported by the Texas Foundations Fund must help individuals and families at risk of homelessness or unnecessary institutionalization gain and/or maintain their housing stability. Eligible supportive housing services include, but are not limited to: the provision of alcohol and drug counseling, adult education and/or job training, mental health counseling, case management and services provided by a health care provider.

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<sup>8</sup> Source: "What Families Need to Get By" Economic Policy Institute, July 2013

The Corporation funds its Texas Foundations Fund awards by blending private donations with earned revenue from its affordable housing programs. Prior to each funding round, the Corporation's Board of Directors determines the amount available for grants based on revenue and private funding received. The Corporation then publishes the Texas Foundations Fund Guidelines and Application Requirements for public comment, giving stakeholders the opportunity to provide feedback prior to submitting a funding proposal.

Partners are then selected through a competitive application process. Applications for funding are first considered by the Corporation's Advisory Council, whose members are appointed by the Corporation's Board of Directors, with final approval of selected partners determined by the Board of Directors. Since 2008 the Corporation has awarded over \$1.5 million in grants.

## **2014 IMPLEMENTATION PLAN**

The Corporation anticipates accepting applications for the next Texas Foundations Fund award cycle beginning in mid-2014. Prior to the start of the application process, program staff and Advisory Council members will review feedback from stakeholders received during the previous funding round to determine if any changes should be made to the Texas Foundations Fund Guidelines and Application Requirements. This process helps the Corporation ensure that the Texas Foundations Fund continues to fulfill its purpose to address the critical housing needs of very low-income households in communities across Texas. In 2014, the Corporation will continue to explore the feasibility of creating a sustainable funding source, such as an endowment, for the Texas Foundations Fund.

The Corporation's Advisory Council continues to play a vital role in identifying and cultivating prospective donors to support the Texas Foundations Fund. The Advisory Council is comprised of 10 community leaders who possess fundraising experience, who demonstrate commitment to affordable housing programs, and who represent geographic diversity within Texas. With support from the Advisory Council, the Corporation plans to increase the amount of funding available for Texas Foundations Fund awards in 2014.